

Message Text

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44

ACTION AID-59

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FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 8845

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E.O. 11652: NA

TAGS: ECRE EAID EG

SUBJECT: SUEZ CANAL RECONSTRUCTION

REF: A. STATE 194744; B. CAIRO 6777

1. THE EMBASSY'S RECOMMENDATIONS FOR THE FY 76 AID PROGRAM CONTAINED IN CAIRO'S 6108 WERE BASED ON OUR ASSESSMENT OF PROGRAMS AND PROJECTS THAT WOULD BE LOGICAL FOCAL POINTS FOR ASSISTANCE IN THAT TIME FRAME. THE INCLUSION OF MULTIPLE POWER STATIONS IN THE SUEZ CANAL AREA WAS NOT BASED ON ANY PARTICULAR SITE OR SITES, BUT RATHER ON AN OVERALL NEED IN THE REGION. IT WAS FOR THIS REASON THAT WE PROPOSED A FIGURE SOMEWHERE BETWEEN \$30 AND \$50 MILLION, DEPENDING ON THE ACTUAL SITUATION.

2. REFTTEL A ASKS IF THE POWER STATION MENTIONED IN REF B IS ONE OF THOSE WE HAD IN MIND. THE ANSWER TO THIS QUESTION IS IN GENERAL TERMS, AFFIRMATIVE, THOUGH IT SHOULD BE UNDERSTOOD WE HAVE NOT YET ADVANCED TO CONSIDERATION OF INDIVIDUAL LOCATIONS.

3. THE PACE OF ACTIVITIES RELATED TO THE CANAL AREA HAS BECOME QUITE HECTIC. AS A RESULT, IT WILL BECOME INCREASINGLY DIFFICULT TO BE CERTAIN OF JUST WHAT IS BEING DONE AS OPPOSED
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TO WHAT IS BEING TALKED ABOUT. IN THIS CONNECTION, IT IS

WORTH NOTING THAT TAHER AMIN, CHAIRMAN OF THE AGENCY FOR ARAB AND INTERNATIONAL ECONOMIC COOPERATION, HAS JUST RETURNED FROM GERMANY TO DISCUSS THE AID TO BE EXTENDED BY THE FRG UNDER THE TERMS OF THE LOAN GRANTED EARLIER THIS YEAR. HE HAS ANNOUNCED THAT AMONG THE PROJECTS TO BE FINANCED BY THE GERMANS ARE THE POWER STATIONS IN SUEZ, ISMAILIA AND PORT SAID.

4. THIS ANNOUNCEMENT MUST BE CONSIDERED IN THE LIGHT OF THE OTHER PROJECTS HE IS REPORTED TO HAVE LISTED AS AGREED UPON WITH THE GERMANS: THE ABC KIR FERTILIZER PLANT, THE ALEXANDRIA FLOATING DOCK, EQUIPMENT FOR GRAIN SILOS, THE CAIRO SEWERAGE SYSTEM, A FACTORY FOR MANUFACTURING NUTS AND BOLTS, AND THE

PURCHASE OF 15 RAILWAY LOCOMOTIVES. SINCE THE TOTAL OF THE LOAN EARMARKED FOR 1974 WAS DM 155 MILLION (\$62 MILLION), SOME OF THESE PROJECTS MAY BE FOR LATER YEARS OR MAY ONLY BE ON THE EGYPTIANS' SHOPPING LIST.

5. WHILE THE GOE IS UNDERSTANDABLY SEARCHING FOR HELP FROM ALL SIDES, AND SHOULD BE ENCOURAGED TO DO SO, THE PENCHANT FOR ANNOUNCING UNDERTAKINGS WHICH ARE FREQUENTLY STILL IN THE PLANNING STAGES, THAT FACTOR ALONG, WILL NOT LIKELY BE THE SOURCE OF CONFUSION FOR ALL PARTIES CONCERNED. EILTS

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